

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 4 — 2 1

2. STATE:

Kansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)
MedicaidTO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 1994

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 95 \$ 20,000

b. FFY 96 \$150,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Exhibit A-1, Pages 1-10

Exhibit A-6, Pages 1-9

Exhibit C-2, Page 5

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Exhibit A-1, Pages 1-10, TN-MS-94-17

Exhibit A-6, Pages 1-9, TN-MS-94-17

Exhibit C-2, Page 5, TN-MS-94-17

10. SUBJECT OF AMENDMENT:

Nursing Facility Methods and Standards for Establishing Payment Rates

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Donna L. Whiteman is the Governor's designee.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Donna L. Whiteman

14. TITLE:

Secretary

15. DATE SUBMITTED:

12-22-94

16. RETURN TO:

Donna L. Whiteman, Secretary
Kansas Department of Social and
Rehabilitation Services
Docking State Office Building
915 Harrison, 628-South
Topeka, Kansas 66612**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

12/27/94

18. DATE APPROVED:

JUN 06 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/1/94

20. SIGNATURE OF REGIONAL OFFICIAL:

22. TITLE:

ARA for Medicaid & State Operations

23. REMARKS:

SPA Control

Received: 12/27/94

Submitted: 12/22/94

30-10-1a. Nursing facility program definitions. (a) The following words and terms, when used in this part, shall have the following meanings, unless the context clearly indicates otherwise.

(1) "Accrual basis of accounting" means that revenue of the provider is reported in the period when it is earned, regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

(2) "Active treatment for individuals with mental retardation or related condition" means a continuous program for each client, which includes aggressive, consistent implementation of a program of specialized and generic training, treatment, health services and related services that is directed towards:

(A) the acquisition of the behaviors necessary for the client to function with as much self-determination and independence as possible; and

(B) the prevention or deceleration of regression or loss of current optimal functional status.

(3) "Agency" means the department of social and rehabilitation services.

(4) "Ancillary services and other medically necessary services" means those special services or supplies for which charges are made in addition to routine services.

(5) "Case mix" means a measure of the intensity of care and services used by a group of residents in a facility.

(6) "Case mix index" means a numeric score with a specific range that identifies the relative resources used by a particular group of residents and represents the average resource consumption across a population or sample.

(7) "Change of ownership" means a transfer of rights and interests in real and personal property used for nursing facility services through an arms-length transaction between unrelated persons or legal entities.

(8) "Change of provider" means a change of ownership or lessee specified in the provider agreement.

(9) "Common ownership" means an entity holds a minimum of five percent ownership or equity in the provider facility and in the company engaged in business with the provider facility.

(10) "Control" means that an individual or organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or facility.

(11) "Cost and other accounting information" means adequate data, including source documentation, that is accurate, current, and in sufficient detail to accomplish the purposes for which it is intended. Source documentation, including petty cash pay out memoranda and original invoices, shall be valid only if it originated at the time and near the place of the transaction. In order to provide the required cost data, financial and statistical records shall be maintained in a manner that is consistent from one period to another. This requirement shall not preclude a beneficial

change in accounting procedures when there is a compelling reason to effect a change of procedures.

(12) "Cost finding" means the process of recasting the data derived from the accounts ordinarily kept by a provider to ascertain costs of the various types of services rendered.

(13) "Costs not related to resident care" means costs which are not appropriate, necessary or proper in developing and maintaining the nursing facility operation and activities. These costs are not allowable in computing reimbursable costs.

(14) "Costs related to resident care" means all necessary and proper costs, arising from arms-length transactions in accordance with general accounting rules, which are appropriate and helpful in developing and maintaining the operation of resident care facilities and activities. Specific items of expense shall be limited pursuant to K.A.R. 30-10-23a, K.A.R. 30-10-23b, K.A.R. 30-10-23c, K.A.R. 30-10-24, K.A.R. 30-10-25, K.A.R. 30-10-26, K.A.R. 30-10-27 and K.A.R. 30-10-28.

(15) "Cost report" means the nursing facility financial and statistical report.

(16) "Educational activities" means an approved, formally organized or planned program of study usually engaged in by providers in order to enhance the quality of resident care in an institution. These activities shall be licensed when required by state law.

(17) "Educational activities--net cost" means the cost of approved educational activities less any grants, specific donations or reimbursements of tuition.

(18) "Hospital-based nursing facility" means a facility that is attached or associated with a hospital. An allocation of expenditures between the hospital and the long-term care facility shall be required through a step-down process.

(19) "Inadequate care" means any act or failure to act which potentially may be physically or emotionally harmful to a recipient.

(20) "Mental illness" means a clinically significant behavioral or psychological syndrome or pattern that is typically associated with either a distressing symptom or impairment of function. Relevant diagnoses shall be limited to schizophrenia, major affective disorders, atypical psychosis, bipolar disorder, paranoid disorders or schizoaffective disorder.

(21) "Mental retardation" means subaverage general intellectual functioning which originates in the developmental period and which is associated with an impairment in adaptive behavior.

(22) "Non-working owners" means any individual or organization having five percent or more interest in the provider who does not perform a resident-related function for the nursing facility.

(23) "Non-working related party or director" means any related party as defined in K.A.R. 30-10-1a who does not perform a resident-related function for the nursing facility.

(24) "Nursing facility (NF)" means a facility which meets state licensure standards and which provides health-related care and services, prescribed by a physician, to residents who require 24-hour-a-day, seven-day-a-week, licensed nursing supervision for ongoing observation, treatment, or care for long-term illness, disease, or injury.

(25) "Nursing facility for mental health" means a nursing facility which meets state licensure standards and provides structured mental health rehabilitation services, in addition to health-related care, for individuals with a severe and persistent mental illness who require 24-hours-per-day, seven-days-per-week, licensed nursing supervision. The nursing facility shall have been operating in accordance with a provider agreement with social and rehabilitation services on June 30, 1994.

(26) "On-going entity" means a change in the provider has not been recognized.

(27) "Organization costs" means those costs directly incidental to the creation of the corporation or other form of business. These costs shall be considered to be intangible assets representing expenditures for rights and privileges which have value to the business.

(28) "Owner-related party compensation" means salaries, drawings, consulting fees, or other payments paid to or on behalf of any owner with a five percent or greater interest in the provider or any related party as defined in K.A.R. 30-10-1a, whether the

payment is from a sole proprietorship, partnership, corporation, or non-profit organization.

(29) "Ownership" means the person or legal entity that has the rights and interests of the real and personal property used to provide the nursing facility services.

(30) "Plan of care for nursing facilities" means a document which states the need for care, the estimated length of the program, the methodology to be used, and expected results.

(31) "Projected cost report" means a cost report submitted to the agency by a provider prospectively for a 12-month period of time. The projected cost report shall be based on an estimate of the costs, revenues, resident days, and other financial data for that 12-month period of time.

(32) "Provider" means the operator of the nursing facility specified in the provider agreement.

(33) "Recipient" means a person determined to be eligible for medicaid/medikan services in a nursing facility.

(34) "Related parties" means any relationship between two or more parties in which one party has the ability to influence another party to the transaction in a way that:

(A) one or more of the transacting parties might fail to pursue its own separate interests fully; or

(B) is designed to inflate medicaid/medikan costs. Related parties shall include parties related by family, business or financial association, or by common ownership or control.

Transactions between related parties shall not be considered to have arisen through arms-length negotiations.

(35) "Related to the nursing facility" means that the facility is significantly associated or affiliated with, has control of, or is controlled by the organization furnishing the services, facilities, or supplies.

(36) "Representative" means:

(A) a legal guardian, conservator or representative payee as designated by the social security administration; or

(B) any person designated in writing by the resident to manage the resident's personal funds, and who is willing to accept the designation.

(37) "Resident assessment form" means the document which:

(A) is jointly specified by the Kansas department of health and environment and the agency;

(B) is approved by the health care finance administration; and

(C) includes the minimum data set.

(38) A "resident day" means that period of service rendered to a patient or resident between census-taking hours on two successive days and all other days for which the provider receives payment, either full or partial, for any medicaid/medikan or non-medicaid/medikan resident who was not in the home. Census-taking hours shall consist of 24 hours beginning at midnight.

(39) "Routine services and supplies" means services and supplies that are commonly stocked for use by or provided to any resident.

The services and supplies shall be included in the provider's cost report.

(40) "Severe and persistent mental illness" means that an individual:

(A) meets one of the following criteria:

(i) the individual has undergone psychiatric treatment more intensive than outpatient care more than once in a lifetime;

(ii) the individual has experienced a single episode of continuous, structured supportive residential care other than hospitalization for a duration of at least two months; and

(B) meets at least two of the following criteria, on a continuing or intermittent basis, for at least two years:

(i) the individual is unemployed, is employed in a sheltered setting, or has markedly limited skills and a poor work history;

(ii) the individual requires public financial assistance for out-of-hospital maintenance and may be unable to procure such assistance without help;

(iii) the individual shows severe inability to establish or maintain a personal social support system;

(iv) the individual requires help in basic living skills; or

(v) the individual exhibits inappropriate social behavior which results in a need for intervention by the mental health or judicial system.

(41) "Specialized mental health rehabilitation services" means one of the specialized rehabilitative services which provides

ongoing treatment for mental health problems aimed at attaining or maintaining the highest level of mental and psychosocial well-being. The specialized rehabilitative services include but are not limited to:

- (A) crisis intervention services;
- (B) drug therapy or monitoring of drug therapy;
- (C) training in medication management;
- (D) structured socialization activities to diminish tendencies toward isolation and withdrawal;
- (E) development and maintenance of necessary daily living skills, including grooming, personal hygiene, nutrition, health and mental health education, and money management; and
- (F) maintenance and development of appropriate personal support networks.

(42) "Specialized services" means inpatient psychiatric care for the treatment of an acute episode of mental illness.

(43) "Swing bed" means a hospital bed that can be used interchangeably as either a hospital bed or nursing facility bed with reimbursement based on the specific type of care provided.

(44) "Twenty-four hour nursing care" means the provision of 24-hour licensed nursing services with the services of a registered nurse for at least eight consecutive hours a day, seven days a week.

(45) "Working trial balance" means the summary from the provider's general ledger that was used in completing the cost report.

(b) The effective date of this regulation shall be September 30, 1994. (Authorized by and implementing K.S.A. 39-708c; effective May 1, 1982; amended May 1, 1983; amended May 1, 1984; amended May 1, 1985; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988; amended Jan. 2, 1989; amended, T-30-10-1-90, Oct. 1, 1990; amended Jan. 30, 1991; amended Oct. 28, 1991; amended April 1, 1992; amended Nov. 2, 1992; amended Jan. 3, 1994; amended July 1, 1994; amended Sept. 30, 1994.)